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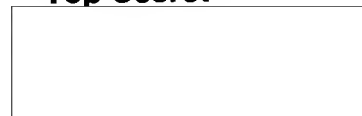
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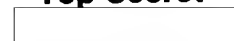
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CHINA-US: Cutoff of Wheat Purchases

China's continuing refusal to buy US wheat reflects Beijing's unhappiness with high US grain prices and its current dissatisfaction with US foreign policy.

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China has been the largest market for US wheat, purchasing nearly 7 million tons in 1982. Since late last year, however, the Chinese have been inactive in the US wheat market.

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Comment: A number of bilateral irritants probably are behind this Chinese move, including the recent US decision to grant asylum to tennis star Hu Na and negotiations for a new textile agreement, which resume next week. Moreover, the recent high prices of US grain have made Argentina's bumper grain harvest and the EC's subsidized stocks a better buy for the Chinese.

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If US wheat prices undergo a normal decline in late spring, the Chinese are likely to resume purchases of US wheat within the next 30 to 45 days. With a price decline, they probably still will meet their commitment to purchase at least 6 million tons of wheat and corn under the bilateral long-term grain agreement.

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USSR-EAST GERMANY: Results of Ustinov Trip

Soviet Defense Minister Ustinov, who visited East Germany last week, publicly denounced NATO's planned INF deployments,

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Ustinov charged that the planned US deployment is meant to gain an advantage over the Warsaw Pact and aid preparations for nuclear war. He warned that Soviet retaliation for an attack by such missiles would be directed at US territory and at the basing countries. He also said that there had been a useful exchange of opinions on military cooperation with East Germany and expressed hope that the decisions reached would further strengthen Pact defenses.

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The Defense Minister and his party, which included the Deputy Defense Ministers for Ground Forces, Air Forces, and Armaments, visited East German troops and observed tactical exercises by Soviet units. Ustinov's remarks to Soviet soldiers stressed the need for more initiative.

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Comment: Ustinov's statements on INF echo other recent Soviet pronouncements. He did not specify how the USSR would retaliate against US territory. Ustinov, however, may have discussed with his hosts possible countermeasures if deployment proceeds.

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The Defense Minister's characterization of his talks with the East Germans suggests he reached some agreement on force modernization, although the East Germans are likely to have displayed some reluctance. East German forces are continuing to reorganize and reequip along Soviet lines, but financial and manpower problems probably will prevent rapid progress.

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USSR-POLAND: Comments on Polish Opposition

Pravda has quoted selectively from a speech by Poland's Interior Minister that identifies underground opposition, the Church, Polish youth, and the West as the sources of continuing opposition to normalization. The article comments that the Church has been used for subversive activities, that political demonstrations have been timed to coincide with Church services, and that Church buildings have been used for meetings of opposition leaders. [REDACTED]

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Comment: The treatment of the speech appears intended to remind Soviet readers that the situation in Poland is unresolved and to caution the Polish authorities that special vigilance is required as the papal visit approaches. The repetition of such charges at this time is a warning that, unless the Church hierarchy curbs activists among the clergy, the Soviets may oppose the Pope's visit. With Solidarity calling for peaceful demonstrations on 1 and 3 May, more such warnings are likely. [REDACTED]

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EGYPT: Coptic Anger at Court Decision

A court ruling on Tuesday against the Coptic Christian patriarch, Pope Shinuda III, has outraged the country's large Coptic minority. The court upheld the decision made by the late President Sadat in September 1981 to withdraw official recognition from Shinuda, who remains in enforced seclusion. Some Copts reportedly have begun fasts in protest, and the US Embassy has received telephone calls appealing for US action. [REDACTED]

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Comment: The ruling threatens to reverse a warming trend in relations between the Coptic community and the government. Shinuda may yet be reinstated either by a higher tribunal or by President Mubarak. The Egyptian leader has kept Shinuda in confinement in order to avoid aggravating sectarian tensions and to retain moderate Muslim support for the government's crackdown on Islamic extremists. [REDACTED]

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Special Analysis

ISRAEL: Reaction to Hussein's Decision

The Israelis see King Hussein's decision not to join the peace process as upholding their view that US efforts to broaden the process by building a moderate Arab consensus were misplaced. Tel Aviv will now push for a return to the narrower Camp David framework and may try to strengthen conservative West Bank Arab groups to prepare for renewed autonomy talks. Although many Israelis worry that the setback to US policy might immediately increase strains in relations with the US, most hope the King's move will open the way for improved US-Israeli ties in the future. Hussein's decision has embarrassed the Labor Party and probably strengthened Prime Minister Begin's government.

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Some senior Israeli officials are publicly maintaining the King's statement has put an end to the US peace plan, but many Israelis privately expect further US efforts to implement the proposals. A prominent Israeli media commentator said this week that Washington's need for a foreign policy success means that Israel should prepare for more US pressure on negotiating issues.

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Other commentators speculate that the US is likely to put at least some of the blame for Hussein's decision on Israel because of the lack of progress on Lebanon and on the settlements problem. They fear renewed efforts by the US to attract support for its plan could aggravate existing strains.

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The Israelis, however, believe they are in a good position to resist such US pressure. They believe the Jordanian decision has demonstrated that Arab intransigence, not Israeli policy, dooms any comprehensive negotiating effort.

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Instead, Tel Aviv believes Washington should now focus its efforts on reviving the Camp David talks. Last week Begin told a US official that he regards the Camp David framework as the only workable approach to the Palestinian issue and is hoping that US-Israeli-Egyptian talks on autonomy will resume shortly.

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To prepare for renewed autonomy talks, Tel Aviv probably will move to strengthen the Palestinian groups from which it has been trying to forge a new and more cooperative West Bank leadership. The Israelis evidently hope that anger and disenchantment with the PLO among West Bank Palestinians for failing to support Hussein may lead some Arabs to support these conservative groups, which thus far have had difficulty attracting members. []

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Relations With the US

Some senior Israeli officials are hoping that the King's statement will relieve US pressure on Israel and ease the strains that have developed over Begin's hardline opposition to the US plan. They believe the US will now be more sympathetic to Israeli concerns and will shift its focus to countering Soviet expansionism in the region. []

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Few Israelis expect the Jordanian move to have any effect on US-Israeli differences over Lebanon. The Israelis have less incentive to use the talks on Lebanon as a delaying tactic to frustrate the US peace initiative. They may now decide they have even more latitude to hold out for their security demands in southern Lebanon. []

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The Israelis see the King's decision as all but ruling out US sales of advanced aircraft and air defense equipment to Jordan and are relieved that prospects for a clash with the US on this issue have been reduced. They also probably believe Saudi Arabia's inability to convince the PLO to support Hussein vindicates their view that Riyadh has little regional influence and should not be consulted on issues like Lebanon. The Saudis' failure will be used by the Israelis to strengthen the argument that the US should not sell advanced weaponry to Riyadh. []

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Domestic Impact

The Labor Party's longstanding policy of advocating negotiations with Jordan on the West Bank has been badly undercut by the King's decision. Some Labor officials are arguing that the party has to rethink its negotiating strategy or else admit there is no realistic alternative to the government's hardline West Bank policies. []

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Disputes over how to react to the Jordanian move could intensify the already deep splits within Labor and hurt its efforts to rebuild its following. Most Israelis, meanwhile, probably will support Begin's handling of the episode. As a result, the Prime Minister's already high popularity may increase. []

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